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This is the author's manuscript

Original Citation:

Availability:

This version is available <http://hdl.handle.net/2318/1681100> since 2018-11-12T10:53:15Z

Publisher:

CROME

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EUROPEAN POLICYBRIEF



Family drivers of youth unemployment and adulthood transition

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January 2017

INTRODUCTION

We analysed how the family affects young Europeans' early employment and family formation focused on six key questions. (1) How do parental employment patterns affect young people's employment outcomes; (2) what family strategies are used to cope with poor labor market outcomes; (3) what affects decisions to leave and return to the parental home; (4) which factors affect the intra-household sharing of resources; (5) when and how do families provide regular economic support to young people when they have left the parental home and (6) what factors affect family formation for young people. Particular attention was given to comparing country differences, gendered outcomes and the role of the Great Recession.

EVIDENCE AND ANALYSIS

Work-poor and work-rich families

There is a strong negative effect for young people's employment opportunities if they come from a work-poor household. Those living with parents in low work intensity households displayed a higher unemployment risk than those with one working parent. Young people from work-rich households where both parents worked had a lower unemployment risk compared to other household types especially in Anglo-Saxon, Mediterranean and Central-Eastern countries. Young people living in workless households are also considerably less likely to be enrolled in education. Employed siblings, also when non-cohabiting, were associated with young people's own higher employment rates. Parental effects, however, vary by country, by gender and by whether it is the fathers or mothers, or both, who are employed. Legacies of worklessness persist across generations, with some striking gender differences (Berloff et al. 2015).

Family strategies to cope with poor labour market outcomes

Families stratify young people's educational and occupational achievements, opportunities, strategies and prospects in the labour market. Their influence looms large, both when living within and outside the parental household. Parental labour market attachment proved crucial in explaining young people's school-to-work trajectories: those who lived in families where most of their members were not working, were less likely to have a speedy school-to-work trajectory and more likely to experience continuous unemployment

or inactivity. Entering the labour market during the crisis (2008-2011) had a similar effect, buffered for those from a work-rich household. Higher-class families were more successful in securing effective employment decisions for young people. This might reflect their advantageous capacity to inform (through advice and guidance), support (through social networks, aspiration building, more effective guidance through the educational and employment systems), and back-up (economic support and/or longer co-residence) their young members (Berloff et al. 2016).

Leaving and returning to the parental home during the economic crisis

Leaving home rates are lowest in Southern, Central-Eastern, Baltic countries and Turkey. Except for the Nordic and Central-Eastern countries, home-leaving rates decreased in all welfare regimes during the crisis. Males are more likely to co-reside with their parents. During the crisis, all countries but the Central-Eastern European member states, experienced an increase in the share of people returning home. There is an association between young people's and their households' resources and their decisions to leave or return to the parental home: higher parental resources seem to facilitate separation, while unemployment and precarious work negatively affect adulthood transitions to independence. Access to housing benefit allowances appears to be associated with a higher probability of leaving the parental home; the lack of such benefits is associated to more frequent decisions to return to the parental home (Gökşen et al. 2016).

The role of parental material resources in adulthood transitions

In households with higher income, young adults contribute less to the household budget and are more able to decide about their personal expenses. The unemployed and students contribute less and have lower ability to decide over personal expenses. Most young adults seem to benefit from co-residence when considering intra-household sharing of resources and support from parents. There is a strong social gradient (in terms of class and employment status) across countries in the likelihood to be recipient of regular inter-household cash transfers. While non-employed children seem more likely to benefit from regular parental income support across all social backgrounds, parental resources are more important than young people's needs. The risk of poverty among young people is higher than the population average and increased considerably during the economic crisis. The at-risk-of-poverty rate of the youth living independently, compared to those living in parental home, rose from 2005 to 2011. The relative poverty risk for young adults with low educated parents also increased during this period (Filandri et al. 2016a).

Family formation strategies

Parental background provides a strategic resource to young people in case of difficulties in establishing independence. Parental resources lowers risk of unfavourable outcomes, such as having a child when lacking financial independence. Young men and women from low socio-economic status families tend to get married earlier. No strong gender differences were identified in the way labour market status affects family formation strategies. This symmetry can be understood as evidence that young women in Europe are using the labour market to gain financial independence to the same extent as young men. Contextual characteristics (e.g. welfare generosity, housing and labour market characteristics) also point to the relevance of greater gender equality in employment. Higher female employment rates are significantly associated with more young people having advanced through all the steps of the process of transition to adulthood: independent living, employment, partnership and parenthood (Filandri et al. 2016b).

POLICY IMPLICATIONS AND RECOMMENDATIONS

1. Employment services and guidance for young people

Family resources stratify labour market participation and social integration opportunities for young people. Policy interventions need to redress the intergenerational transmission of disadvantages. Focusing on young people whose parents or other family members do not work and on lower class families, key steps would be: (1) increasing opportunities for low and middle class children, and for low work intensity households to have their children pursue higher education; (2) offering later guidance for young peoples' strategic planning through the initial steps of their career, focusing both on young people's aspirations and motivation, and on giving them access to an effective service of job search. Policies and interventions should invest in educational programs (already from a young age) to increase self-awareness about one's abilities and interests; to equalise educational aspirations and expectations; as well as to provide more

broadly some of the soft-skills that better-off parents can afford to their children. Specifically, interventions should aim at securing a more even access to tertiary education by family background. Finally, providing wider and more access to opportunities for internships or company-based training, be it through investments in educational institutions' career-support functions or through employment agencies, could contribute to counterbalancing the advantages of wealthier families' resource capacities and personal networks.

2. More gender equal opportunities in the labour markets

Securing better employment prospects for women (as the mothers of young entrants) would both benefit employment outcomes for young people and favour family formation (Berloff et al. 2016, Filandri et al. 2016b). There is a strong association between mothers' employment and their children's later occupational outcomes. For younger cohorts in recent times, a more gender equal participation in the labour market is associated with a greater advancement in the transition to adulthood, for both genders (Gökşen et al 2016, Filandri et al. 2016b). With growing levels of education and of uncertainty in the labour markets, self-realisation, and personal autonomy (also through gaining an independent income) might be increasingly perceived as a necessary precondition to family formation by both genders. Addressing gender gaps early in the life course could help avoiding later inequalities and their long-term consequences. Anti-discrimination policies that promote gender equal access to employment and equal career opportunities, as well as conciliation policies to retain women in the labour force, might offer support to young people establishing an independent living and form their own families, while contributing to pursuing the objective of a more inclusive and sustainable growth at the societal level (Berloff et al. 2016).

3. Income support for unemployed and first-job seekers

In most European countries, flexible jobs (agency work, fixed-term contracts, part-time work, mini-jobs, some forms of self-employment) risk becoming a lower segment of the labour force, catering especially for young people. But these jobs are unable to protect them from the risks of incurring a 'trap jobs' career, unemployment, parenthood or illness, or securing income guarantees in old-age. Young people from low social classes are most affected. There is a need to harmonise benefit systems to include young people, since segmentation of the labour markets, prolonged turbulence and informal work can easily become traps for those young people with disadvantaged social background and less parental resources. Redistributive policies aimed at supporting the income level of the lower class, especially during non-employment, through a universal system of unemployment benefits for young people unrelated to the previous contributions history and/or housing allowances, could readdress these inequalities. The analyses from Tasks 8.4 and 8.5 support a measure by which government social protection programs ought to guarantee regular cash transfers to poor young adults in periods of non-employment, conditioned either on active job search or on participation in ALMPs (Filandri et al. 2016a & 2016b).

RESEARCH PARAMETERS

Our analysis of the role of parental background in shaping strategies of young people in Europe to establish an independent living consisted of interrelated tasks analysing the role of family resources and of policies and institutions in labour market outcomes and own family formation outcomes. It was based on secondary data analysis, based on various cross-country comparative, both cross-sectional and longitudinal survey data (EU-LFS, EU-SILC, SHARE, Generations and Gender Programme).

PROJECT IDENTITY

PROJECT NAME

Strategic Transitions for Youth Labour in Europe (STYLE)

COORDINATOR

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- Grenoble School of Management, Grenoble, France
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- Institute for the Study of Labour, Bonn, Germany
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FUNDING SCHEME

FP7 Framework Programme for Research of the European Union – Collaborative project. SSH - ACTIVITY 8.1: GROWTH, EMPLOYMENT AND COMPETITIVENESS IN A KNOWLEDGE SOCIETY, Area 8.1.2 Structural changes in the European knowledge economy and society - SSH.2013.1.2-1 Overcoming youth unemployment in Europe.

DURATION

March 2014 – August 2017 (42 months).

BUDGET

EU contribution: €4 999 056.

WEBSITE

www.style-research.eu

FOR MORE INFORMATION

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FURTHER READING

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